

4. TELEPHONE SURVEY FINDINGS

4.1 Describe the Characteristics of Federal Benefit Check Recipients

Table 16 summarizes the characteristics of Federal benefit check recipients interviewed in the telephone survey overall and by whether the check recipient receives a retirement check, a disability check, or an SSI check. For this analysis, retirement checks include SSA checks (65 percent of retirement check recipients interviewed), Federal Civil Service Retirement checks (12 percent), veteran pension checks (12 percent), and Railroad Retirement checks (11 percent). SSA check recipients were not asked to specify the reason for their SSA payment, so all SSA check recipients were considered retirement beneficiaries even though some probably receive these benefits for a disability or because they are a surviving dependent. Disability checks include veterans' disability (81 percent of disability check recipients interviewed), Federal Civil Service disability (13 percent), and Railroad Retirement disability (6 percent). Some individuals, especially veterans, receive both a retirement check and a disability check. They are included in the profile of both types of check recipients.

Overall, Federal benefit check recipients are almost equally male (51 percent) and female (49 percent). However, the proportions vary by type of check. Retirement check recipients are about half male and half female, but disability check recipients are largely male (85 percent). SSI check recipients are predominantly female (63 percent).

Overall, the mean age of Federal benefit check recipients is 67 and the median age is 69. As expected, retirement check recipients are significantly older (mean age of 69) than disability check recipients (mean age of 61) or SSI check recipients (mean age of 58). Of interest is that very few check recipients are under the age of 55 (15 percent), although SSI check recipients (40 percent) and disability check recipients (35 percent) are significantly more likely to be under 55 than retirement check recipients (9 percent). Most Federal benefit check recipients are between the ages of 65 and 84 (69 percent). Relatively few are 85 or older (4 percent), although significantly more SSI check recipients are 85 or older (8 percent) than retirement check recipients (3 percent) or disability check recipients (1 percent).

Most Federal benefit check recipients live in either one-person (25 percent) or two-person (50 percent) households. Fourteen percent of these recipients live in three-person households, and 11 percent have four or more people in their households. Both the mean and the median household size overall and for all types of check recipients is two people. SSI check recipients are significantly more likely to live alone (38 percent) than either retirement check recipients (24 percent) or disability check recipients (16 percent).

**Table 16. Demographic Characteristics of Federal Benefit Check Recipients
(Telephone Survey) (N = Sample Size)**

	Total (N=1002)	Retirement Check Recipients (N=793)	Disability Check Recipients (N=138)	SSI Check Recipients (N=146)
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	Total (N=1002)	Retirement Check Recipients (N=793)	Disability Check Recipients (N=138)	SSI Check Recipients (N=146)
Gender				
• Male	51%	50%	85%	37%
• Female	49%	49%	15%	63%
• No Answer or Refused	0%	1%	0%	0%
Mean Age	67 Years	69 Years	61 Years	58 Years
Mean Number of People in Household	2 People	2 People	2 People	2 People
Marital Status				
• Married	56%	61%	72%	19%
• Widowed	25%	25%	15%	28%
• Single	11%	7%	7%	33%
• Divorced or Separated	7%	5%	6%	19%
• No Answer or Refused	1%	2%	0%	1%
Percent With Children in Household	13%	11%	19%	18%
Mean Household Income	\$26,700	\$28,500	\$35,800	\$12,000
Location of Residence				
• Small Town	32%	33%	27%	28%
• City	30%	28%	28%	40%
• Suburb	24%	26%	15%	17%
• Rural Area	14%	13%	30%	15%
Ethnicity				
• White Non-Hispanic	84%	88%	82%	66%
• Black Non-Hispanic	8%	6%	10%	23%
• Native American	3%	3%	4%	3%
• Hispanic	1%	1%	1%	4%
• Asian or Pacific Islander	1%	0%	1%	3%
• Other Race	1%	0%	0%	0%
• No Answer or Refused	2%	2%	2%	1%
Primary Language Spoken In Home				
• English	98%	98%	99%	95%
• Spanish	1%	1%	0%	1%
• Vietnamese	0%	0%	0%	1%
• Chinese	0%	0%	0%	1%
• Other	1%	1%	0%	2%
• No Answer or Refused	0%	0%	1%	0%
Education				
• Less Than High School	24%	21%	17%	46%
• High School Diploma	41%	44%	34%	28%
• Some College or Trade School	17%	18%	22%	15%
• College Degree	10%	9%	16%	9%
• Some Postgraduate or Professional	2%	2%	2%	0%
• Postgraduate Degree	4%	4%	7%	0%
• No Answer or Refused	2%	2%	2%	2%

SSI recipients are most likely to live alone because they are least likely to be married. Although a majority of both disability check recipients (72 percent) and retirement check recipients

(61 percent) are married, less than one-fifth (19 percent) of SSI check recipients are married. Instead, SSI check recipients are significantly more likely to be single (33 percent) and divorced or separated (19 percent) than both retirement check and disability check recipients. SSI check recipients and retirement check recipients also are widowed (28 percent and 25 percent, respectively) significantly more often than disability check recipients (15 percent).

Most Federal benefit check recipients do not have children under 18 years of age in their households (87 percent). Disability check recipients (19 percent) and SSI check recipients (18 percent) are significantly more likely to have children in their households than retirement check recipients (11 percent) do, but children rarely are present. Among those with children, most have only one child (7 percent of all check recipients). Only 4 percent of check recipients have two or more children in their households, and this percentage does not vary by the type of check they receive.

Federal benefit check recipients vary in their living areas. Overall, similar numbers live in small towns (32 percent), cities (30 percent), and suburban areas (24 percent). Fewer benefit check recipients (14 percent) live in rural areas. However, this varies according to the type of check received. SSI check recipients are significantly more likely to live in a city (40 percent) than are recipients of other types of checks (28 percent), and disability check recipients are at least twice as likely to live in rural areas (30 percent) than are other check recipients (13 to 15 percent). Retirees are significantly more likely to live in suburban areas (26 percent) than are other check recipients (15 to 17 percent).

The vast majority of Federal benefit check recipients are white non-Hispanic (84 percent). Other racial and ethnic groups included in the sample are black non-Hispanics (8 percent), Native Americans or Alaskan natives (3 percent), Hispanics (1 percent), and Asians or Pacific Islanders (1 percent). Recipients of Federal retirement checks are significantly more likely than disability or SSI check recipients to be white non-Hispanic (88 percent). At the same time, SSI check recipients are least likely to be white non-Hispanic (66 percent). SSI check recipients include the most black non-Hispanics (23 percent), Hispanics (4 percent), and Asian or Pacific Islanders (3 percent). Noteworthy is that Hispanics and Asians are most likely underrepresented in this sample because there was no opportunity to interview Federal benefit check recipients who do not speak English.

Consistent with the fact that telephone interviews were conducted only in English, nearly all respondents (98 percent) say English is the primary language spoken in their households. The only other language spoken primarily by at least one percent of respondents is Spanish (1 percent). The predominance of English as the primary language spoken in respondents' homes varies little by type of check received, although SSI check recipients are four percent less likely to speak English primarily (95 percent English-speaking) than are retirement check recipients (98 percent English-speaking) or disability check recipients (99 percent English-speaking). Among SSI check recipients, other languages spoken primarily by at least one percent include Spanish (1 percent), Vietnamese (1 percent), Chinese (1 percent), and French (1 percent).

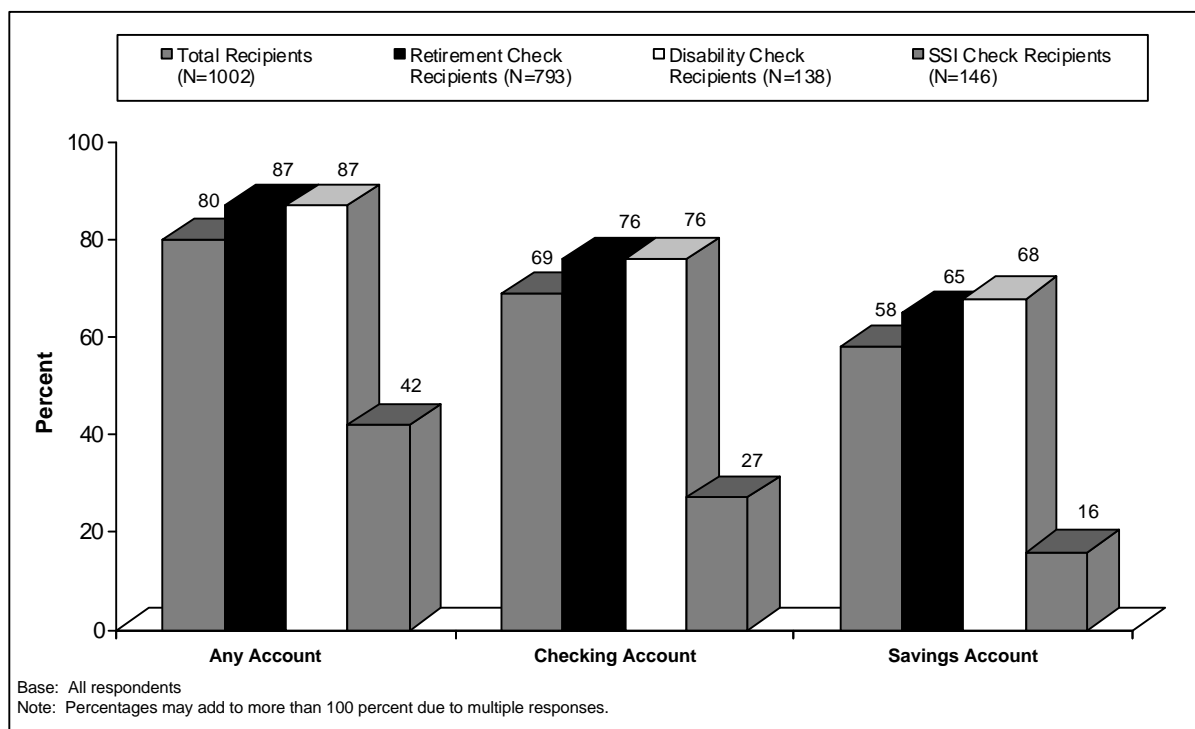
About two-thirds of Federal benefit check recipients (65 percent) do not have more than a high school education. Nearly a quarter (24 percent) have not completed high school, and 41 percent have a high school diploma or a general equivalency diploma (GED) equivalent.

Seventeen percent have some college or trade school education, 10 percent have a college degree, and 6 percent have some postgraduate education or a postgraduate degree. SSI check recipients are less educated than other check recipients. Almost half (46 percent) have not finished high school and less than a quarter (24 percent) do not have education beyond high school. Disability check recipients are the most educated. They are least likely to have less than a high school education (17 percent) and most likely to have some education beyond high school (47 percent). They also are most likely to have a college degree or some postgraduate education (25 percent). Retirement check recipients are in the middle; 21 percent have less than a high school education, and 33 percent have some education beyond high school. Significantly more than any other segment, retirement check recipients have high school diplomas but no higher education (44 percent).

The mean annual household income for Federal benefit check recipients is \$26,700, and the median income is \$20,000. Consistent with education level, income is lowest for SSI check recipients (mean of \$12,000) and highest for disability check recipients (mean of \$35,800). Retirement check recipients fall in the middle (mean of \$28,500). Three-quarters of the SSI recipients who reported their incomes have an annual household income of less than \$10,000 (75 percent). The household income figures include Federal benefit payment income.

4.2 Describe the Banking Relationships and Financial Habits of Federal Benefit Check Recipients and the Reasons That Some Do Not Have Bank Accounts

Overall, as shown in Figure 2, a majority of Federal benefit check recipients have some type of bank or financial institution account (80 percent), including checking accounts (69 percent) or savings accounts (58 percent). Eighteen percent do not have bank accounts, and two percent are not sure. The number of Federal benefit check recipients with some type of bank account varies by type of check received. Most retirement check recipients and disability check recipients (87 percent each) have bank accounts, but less than half of SSI check recipients have bank accounts (42 percent). A majority of retirement check recipients and disability check recipients have both checking accounts (76 percent each) and savings accounts (65 to 68 percent). However, only 27 percent of SSI check recipients have checking accounts, and 16 percent have savings accounts.

Figure 2. Types of Accounts Held by Federal Benefit Check Recipients

These patterns mean that unbanked Federal benefit check recipients are most likely to be SSI check recipients (48 percent of unbanked respondents), followed by SSA check recipients (29 percent), VA pension check recipients (12 percent), and VA disability check recipients (9 percent). Federal Civil Service Retirement check recipients compose 5 percent of the unbanked respondents, Railroad Retirement check recipients account for 4 percent, and Railroad disability check recipients represent 1 percent of unbanked respondents. None of the Federal Civil Service disability check recipients interviewed for this project were unbanked.

Federal benefit check recipients who do not have bank accounts differ from check recipients who have bank accounts in a number of ways, as shown in Table 17. In comparison to check recipients with bank accounts, unbanked check recipients have the following characteristics:

- Significantly more likely to be female (56 percent versus 47 percent)
- Significantly younger (mean of 62 versus mean of 68)
- Significantly more likely to be under 65 years old (44 percent versus 23 percent) and 85 or older (7 percent versus 3 percent), but significantly less likely to be between 65 and 84 (48 percent versus 73 percent)
- Significantly more likely to live alone (32 percent versus 24 percent)

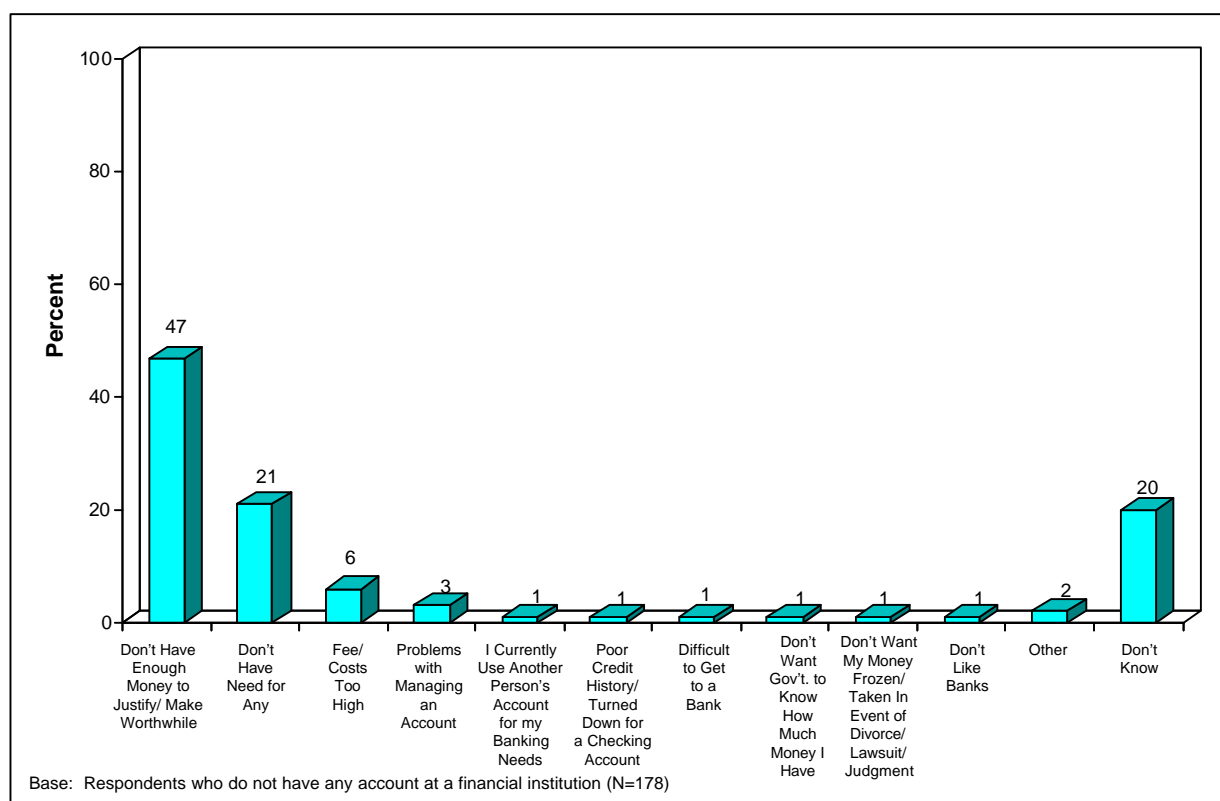
**Table 17. Demographic Characteristics Of Those With and Without Bank Accounts
(Telephone Survey)**

	With Bank Account (N=806)	Without Bank Account (N=178)
Gender		
• Male	52%*	44%
• Female	47%	56%*
• Refused	1%	0%
Mean Age	68 Years*	62 Years
Mean Number of People in Household	2 People	2 People
Marital Status		
• Single	8%	21%*
• Married	62%*	35%
• Widowed	24%	30%
• Divorced or Separated	5%	13%*
• Refused	1%	1%
Percent with Children in Household	35%	47%
Mean Household Income	\$29,500*	\$14,500
Location of Residence		
• City	28%	38%*
• Suburb	25%	18%
• Small Town	32%	31%
• Rural Area	15%	13%
Ethnicity		
• Hispanic	1%	4%*
• White Non-Hispanic	88%*	68%
• Black Non-Hispanic	6%	21%*
• Asian or Pacific Islander	0%	2%
• Native American	4%	3%
• Other Race	0%	0%
• Refused	1%	2%
Primary Language Spoken in Home		
• English	98%	97%
• Spanish	1%	1%
• Vietnamese	0%	1%
• Other	1%	0%
Education		
• Less Than High School	20%	43%*
• High School Diploma	43%	35%*
• Some College or Trade School	18%	12%
• College Degree	10%	7%
• Some Postgraduate or Professional	2%	0%
• Postgraduate Degree	5%*	0%*
• Refused	2%	4%*

* Indicates significant difference between banked and unbanked at 95% confidence level.

- Significantly more likely to have a child under 18 in the household (47 percent versus 35 percent)
- Significantly less likely to be married (35 percent versus 61 percent) and significantly more likely to be single (21 percent versus 8 percent) and divorced or separated (13 percent versus 5 percent)
- Significantly more likely to live in a city (38 percent versus 28 percent)
- Significantly less likely to be white non-Hispanic (68 percent versus 88 percent) and significantly more likely to be black non-Hispanic (21 percent versus 6 percent) or Hispanic (4 percent versus 1 percent)
- Significantly more likely to have less than a high school education (43 percent versus 20 percent) and significantly less likely to have a high school diploma (35 percent versus 43 percent) or more than a high school education (19 percent versus 35 percent)
- Significantly more likely to have an annual household income of less than \$10,000 (44 percent versus 15 percent) and to have significantly lower mean income (\$14,500 versus \$29,500).

When those who do not have bank accounts were asked on an unaided basis why, most responded that they do not have enough money to justify an account or make it worthwhile (47 percent). The only other reason cited by more than 6 percent is that they do not have a need for an account (21 percent). Less frequently cited reasons are the fees are too high (6 percent), they have problems managing an account (3 percent), they currently use an account under another person's name (1 percent), they cannot get a checking account because of a poor credit history (1 percent), it is too difficult to get to a bank (1 percent), they do not want the government to know how much money they have (1 percent), they do not want money frozen as a result of a legal judgment (1 percent), and they harbor a general dislike of banks (1 percent). No other reason is given by at least 1 percent of the dependents. These results are shown in Figure 3.

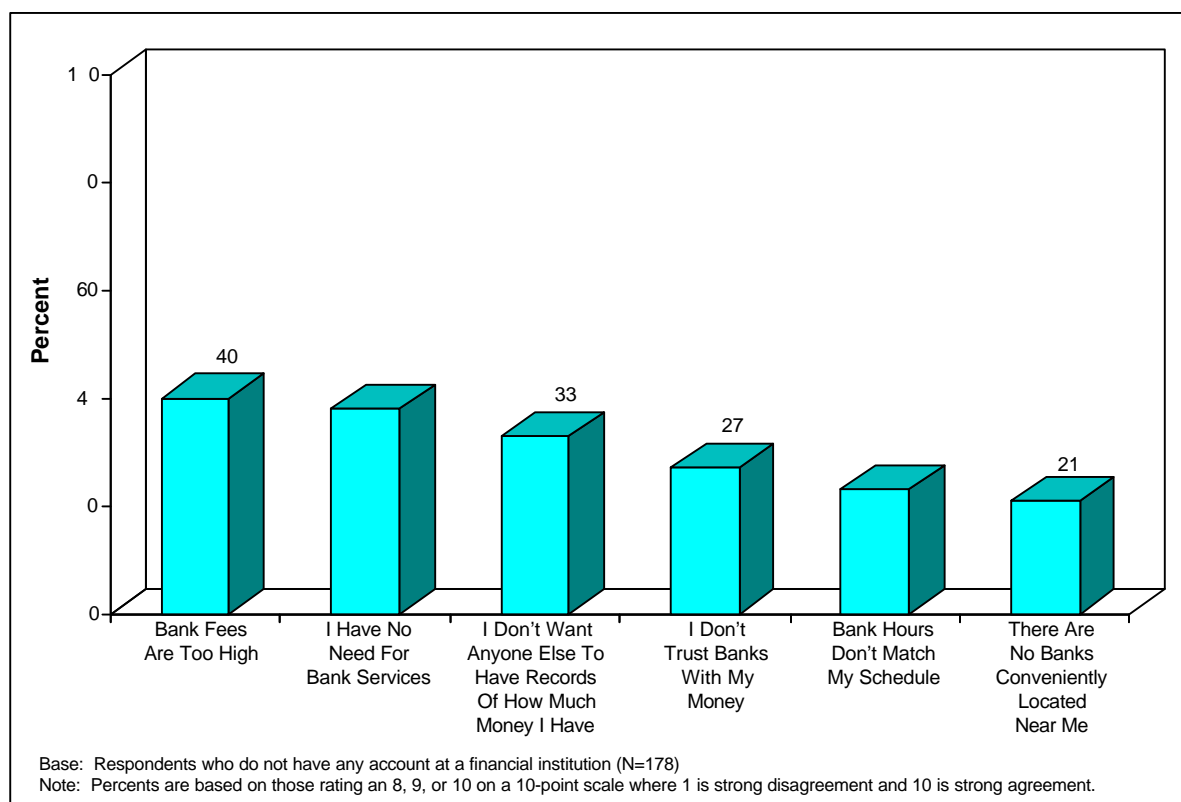
Figure 3. Reasons for Not Having An Account With a Financial Institution (Unaided)

To further understand the reasons that some Federal benefit check recipients do not have bank accounts, interviewers read a series of six statements to these individuals. They indicated their level of agreement with each statement by using a 10-point scale, 1 indicating strong disagreement and 10 strong agreement. The six statements are:

- I don't trust banks with my money.
- There are no banks conveniently located near me.
- I do not have need for bank services.
- Bank fees are too high.
- Bank hours don't match my schedule.
- I don't want anyone else to have records of how much money I have.

The extent of agreement with each statement is shown in Figure 4.

Figure 4. Agreement With Reasons for Not Having An Account With a Financial Institution (Aided)



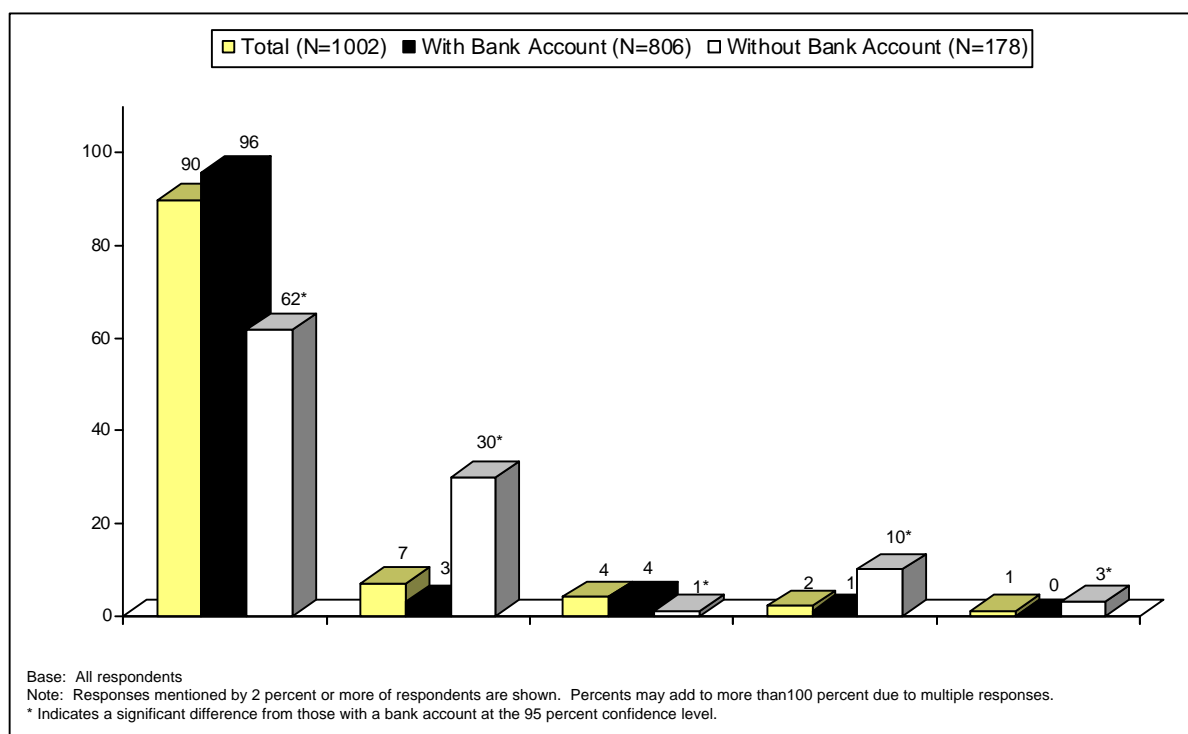
Unbanked check recipients agree most with the statements that bank fees are too high (40 percent rate this statement an 8, 9, or 10) and that they do not have need for bank services (38 percent). There is moderate agreement with the statements that they do not want other people to have records of how much money they have (33 percent) and that they do not trust banks with their money (27 percent). Convenience issues are the least important reasons, as indicated by the lower extent of agreement with the statements that bank hours do not match their schedules (23 percent) and that there are no banks located near them (21 percent). Thus, fees and lack of need for services are the major reasons for not having an account.

For the most part, there are few subgroup differences in the unaided or aided reasons for not having a bank account. The major difference is that check recipients under the age of 55 are more likely to consider high bank fees and inconvenient hours obstacles than check recipients over age 55 are.

Interviewers asked all Federal benefit check recipients on an unaided basis where they go most often to deposit or cash their government checks. Respondents named the single place used most often and all other places used regularly. As shown in Figure 5, banks are the most common place used overall (88 percent use most often, 90 percent use regularly), especially by those with bank accounts (95 percent most often, 96 percent regularly). Less than 5 percent of check recipients with bank accounts use all other places. Of interest is that even a majority of check

recipients who do not have bank accounts use banks most often (58 percent) and regularly (62 percent) to cash their Federal benefit checks. Unbanked check recipients also frequently use other places, especially grocery stores (23 percent most often, 30 percent regularly). Unbanked recipients also use check-cashing services (8 percent most often, 10 percent regularly) and other retail stores (2 percent most often, 3 percent regularly). Check recipients with bank accounts rarely use these places. Consistent with other research (see subsection 2.2 of this report), individuals who do not have bank accounts are significantly more likely to use grocery stores and check-cashing outlets than those who have bank accounts, but banks remain the most frequently used place for conducting financial business.

Figure 5. Places Where Federal Benefit Checks Are Deposited or Cashed (Unaided)

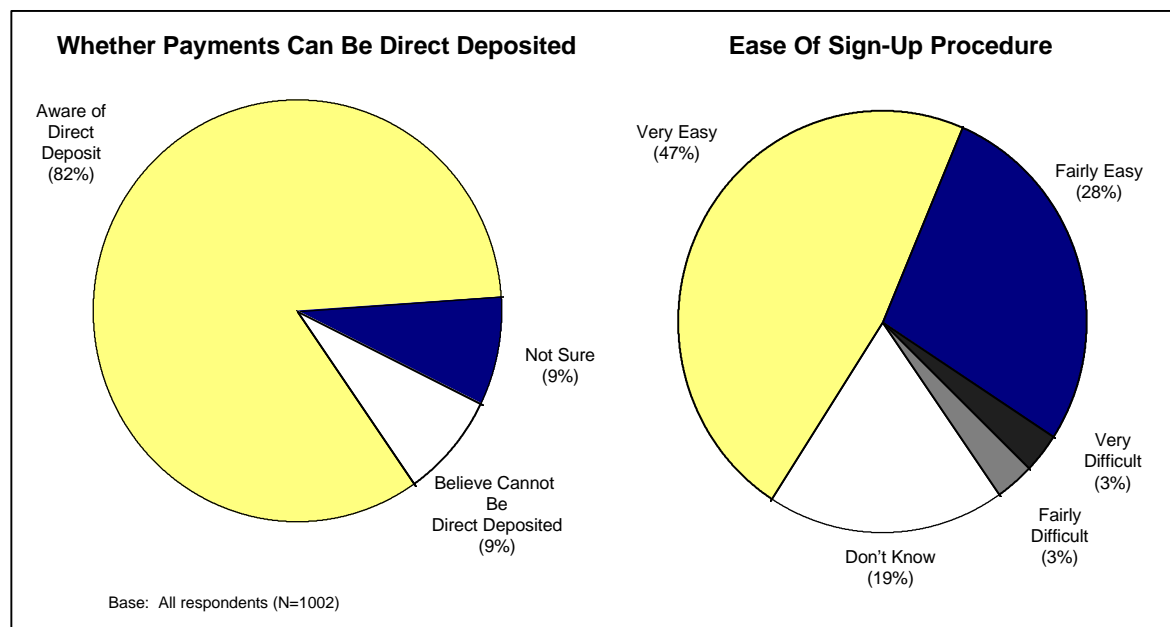


No doubt related to the characteristics of those without bank accounts, SSI check recipients use grocery stores and check-cashing services more often than other check recipients do, those under 55 years use them more often than older check recipients do, minorities use them more than white non-Hispanics do, and those with an annual household incomes of less than \$10,000 use them more than higher-income check recipients do. Those residing in cities use check-cashing services more than those living in other types of areas, no doubt because of the locations of these facilities.

4.3 Determine the Reasons for Receiving Federal Payments by Check and Identify the Obstacles to Receiving Payments by EFT

Lack of awareness of direct deposit is not a major obstacle that prevents current Federal benefit check recipients from receiving their benefit payments by EFT. As shown in Figure 6,

Figure 6. Awareness of Whether Regular Payments From Federal Government Can Be Deposited Directly and Ease of Sign-Up Procedure



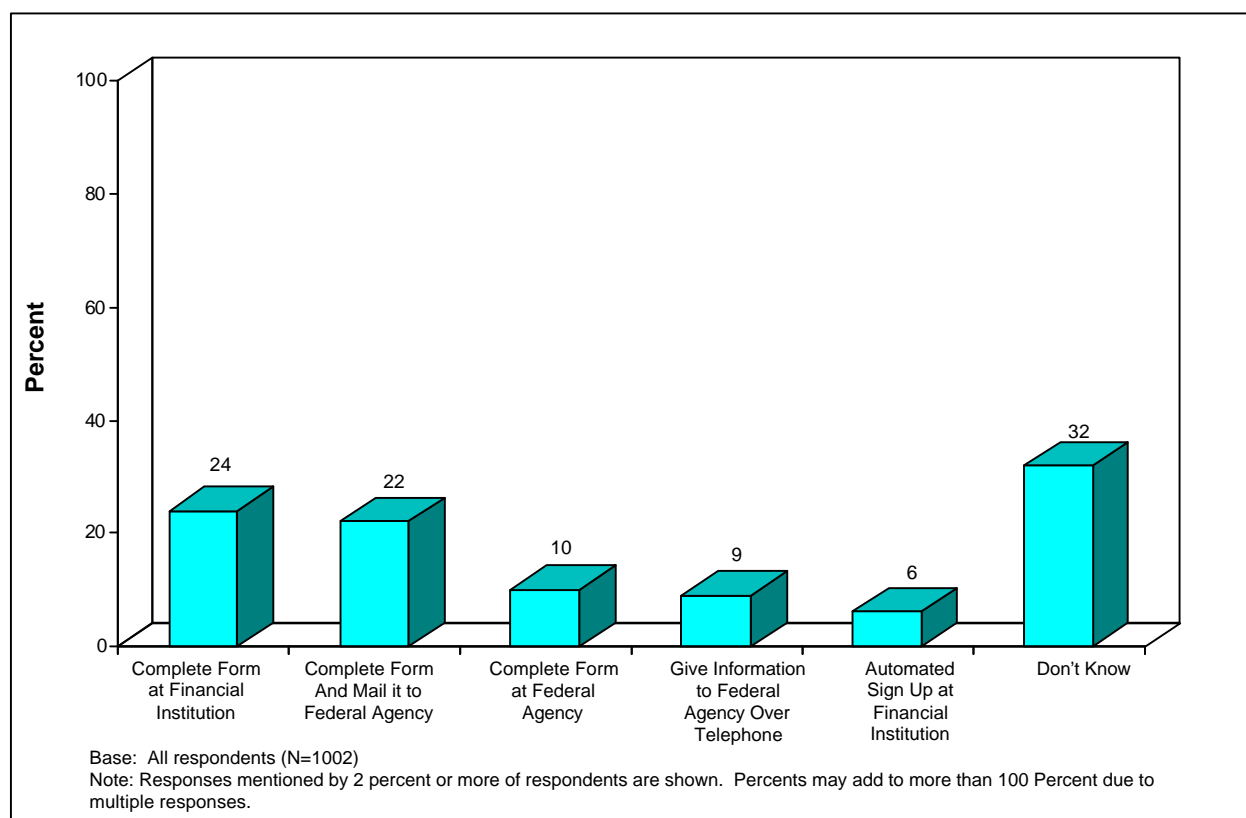
82 percent know that their Federal benefit checks can be deposited directly into their accounts. This leaves relatively few who either believe that their Federal payment cannot be deposited directly (9 percent) or are not sure (9 percent). Those with bank accounts (86 percent) are more aware of the ability to deposit a Federal benefit check directly than those without bank accounts are (69 percent). Most likely related to this fact, awareness of direct deposit is higher among those under the age of 75 than those 75 or older, among those with a household income of at least \$10,000 than those with a lower income, among males more than females, and among retirement and disability check recipients than SSI check recipients.

Perceptions of the sign-up procedures for direct deposit also do not appear to be a major obstacle to receiving Federal benefit checks by EFT. When asked to rate the sign-up procedures for direct deposit on a four-point scale consisting of very easy, fairly easy, fairly difficult, and very difficult, three-quarters (75 percent) said that signing up is either very easy (47 percent) or fairly easy (28 percent). Almost none (6 percent) said that signing up is fairly difficult (3 percent) or very difficult (3 percent), although nearly one-fifth (19 percent) are not sure how easy or difficult sign-up procedures are. Figure 6 shows these results.

Those with bank accounts feel that signing up for direct deposit of their government checks (78 percent say fairly easy or very easy) is significantly easier than those without bank accounts do (66 percent say fairly easy or very easy). Again, most likely related to ease of deposit, the sign-up procedure is perceived as easier among respondents under age 75, among respondents with household incomes of at least \$10,000, among males more than females, among white non-Hispanics more than minorities, and among retirement and disability check recipients more than SSI check recipients.

When asked on an unaided basis how a person can arrange for direct deposit of Federal benefit payments into a bank account, nearly a third of check recipients (32 percent) did not know (see Figure 7). Awareness is highest for completing a written form and more limited for automated sign-up procedures. Check recipients are most aware of completing a form at their financial institutions (24 percent aware) or completing a form and mailing it to the Federal agency issuing their payments (22 percent aware). Fewer stated that a recipient can complete a form at the Federal agency (10 percent). Less than one-tenth of check recipients are aware of telephone sign-up procedures (9 percent) or automated sign-up at their financial institutions (6 percent) for direct deposit of Federal payments. Thus, the already widely held perception that direct deposit enrollment is easy might be increased if the government and financial institutions promote telephone and automated sign-up procedures to check recipients.

Figure 7. Awareness of Sign-Up Procedures for Direct Deposit of Federal Payments (Unaided)

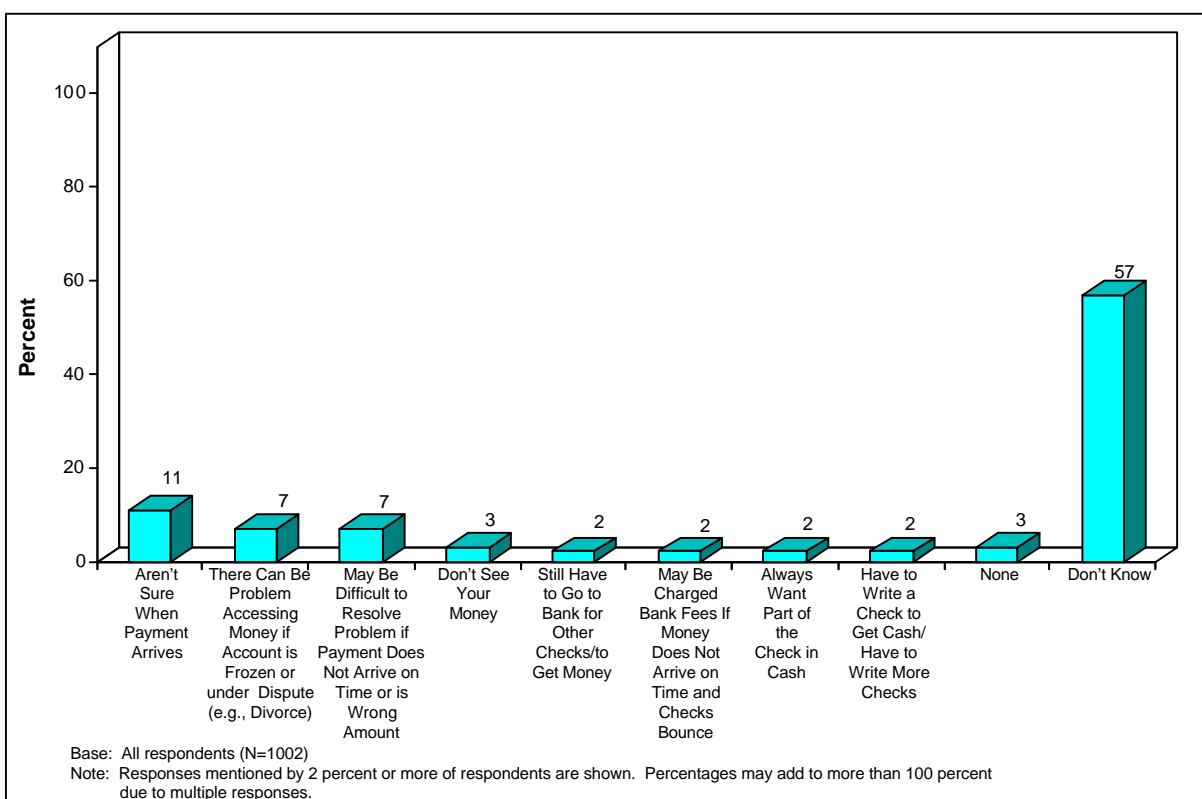


There are almost no differences across subgroups in awareness of various sign-up procedures. Disability check recipients are more likely to be aware of mailing a form to a Federal agency than other check recipients are. Unbanked respondents, SSI check recipients, check recipients 75 years or older, and check recipients with annual household incomes of less than \$10,000 are least likely to be aware of sign-up procedures.

So that respondents' perceptions of the obstacles to having their Federal benefit checks deposited directly can be understood, all check recipients were asked, on an unaided basis, what they think

are the major disadvantages of direct deposit. Responses appear in Figure 8. A majority (57 percent) said they do not know the disadvantages because they have not had direct deposit for these payments. The major disadvantages named include that they are not sure when their payments arrive (11 percent), that there can be problems accessing the money if the account is frozen or under dispute (7 percent), and that resolving a problem if the payment does not arrive on schedule may be difficult (7 percent). Other disadvantages named by 2 percent or more of check recipients are that they do not see their money (3 percent), they still have to go to the bank for other financial business (2 percent), they always want part of their checks in cash (2 percent), they would have to write a check to get cash and would use more checks (2 percent), and there may be charges or fees if the payment does not arrive in time and their checks bounce (2 percent). Named by 1 percent each are that getting to the bank is inconvenient, that they do not want other family members to know the amount of their Federal payments, that they would not know the amount of their deposits, that direct deposit would be difficult to change if they changed banks, and that they have a general dislike of direct deposit. Three percent said that there are no disadvantages to having regular Federal payments deposited directly.

Figure 8. Perceived Disadvantages of Direct Deposit for Regular Federal Payments (Unaided)



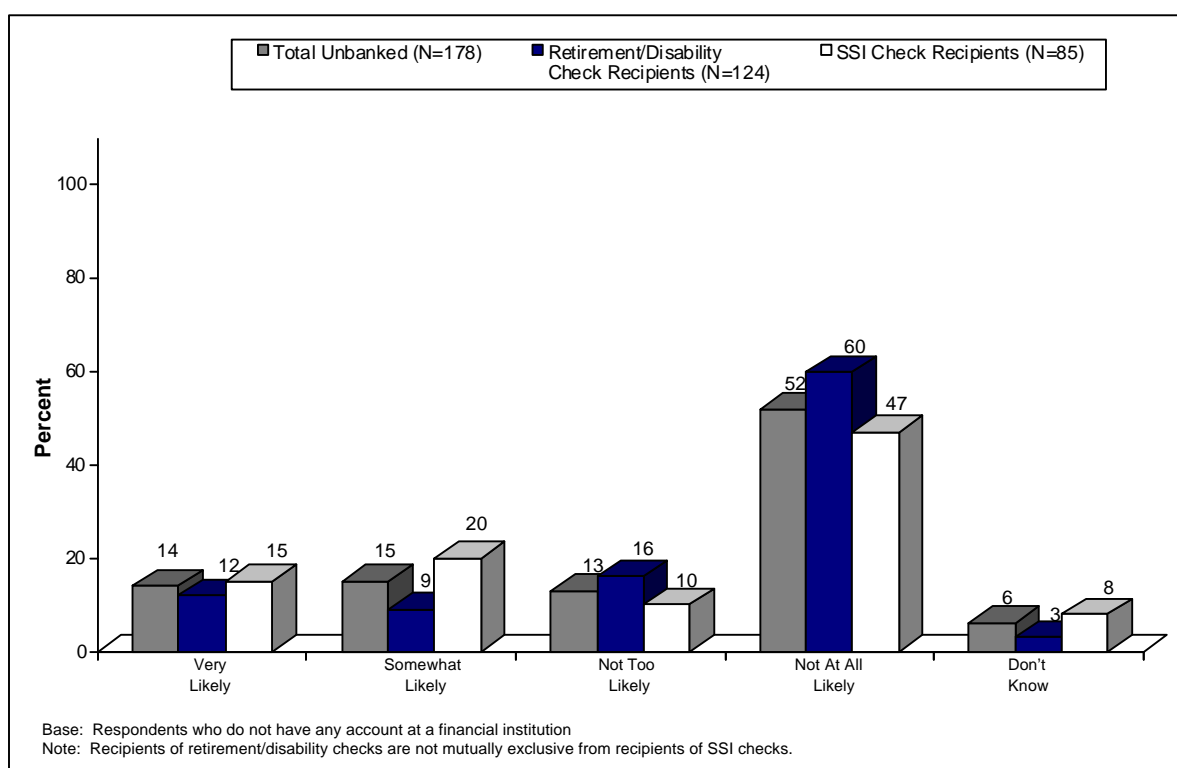
The perceived disadvantages of receiving Federal payments by direct deposit vary little by subgroup. Unbanked check recipients are least likely to know of disadvantages, and, related to

this fact, SSI check recipients, check recipients with household incomes of less than \$10,000, and city residents are among the least likely to know of direct deposit's disadvantages.

4.4 Measure Interest in a New EFT Delivery System

In an effort to encourage EFT of regular Federal benefit payments, current benefit check recipients who do not have a banking relationship were asked to express their interest in a new EFT delivery system involving a debit card. This program was described to unbanked check recipients as a way that the Federal government could deposit their benefit payments in an account accessible at a bank, a check-cashing center, a post office, or other institution. They were told that a card would be issued in the recipient's name, that the card could be used to access the account, and that the card could be used instead of cash in selected stores or businesses or could be used at ATM machines to withdraw cash. The likelihood of signing up for this new delivery system if it were available was measured on a four-point scale consisting of very likely, somewhat likely, not too likely, and not at all likely. Results are shown in Figure 9.

Figure 9. Likelihood of Enrolling for a Debit Card (Telephone Survey)



Unbanked check recipients are not very likely to sign up for this new EFT delivery system. A majority (52 percent) said they would not be at all likely to sign up for it, and two-thirds (65 percent) said they are not at all or not too likely to sign up. Only about one-third (29 percent) said that they would be very likely (14 percent) or somewhat likely (15 percent). Six percent are not sure. Thus, at first look, offering a debit account and card to unbanked Federal benefit check

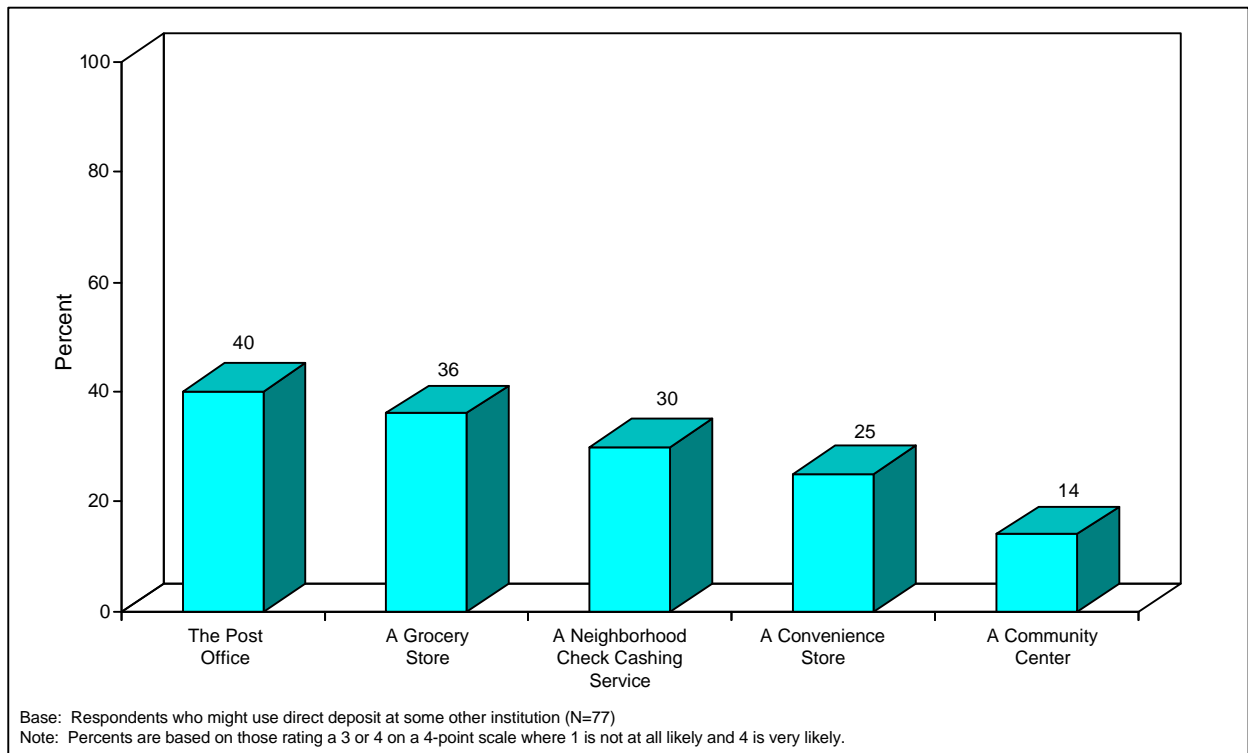
recipients would not motivate most of them to stop receiving their current benefit check payments through the mail.

Unbanked SSI check recipients are more likely to use the new EFT delivery system (35 percent somewhat or very likely) than unbanked retirement or disability check recipients (21 percent somewhat or very likely). Related to this fact, unbanked check recipients under 75 years of age are more likely to sign up for the new delivery system than are older check recipients. However, despite the higher interest in the new program among selected segments, of note is that a majority of unbanked check recipients in all segments is still unlikely to sign up for the debit account and card.

Among the limited number of unbanked check recipients who indicated that they might consider using the new EFT delivery system (all except those responding that they were not at all likely to sign up for it), interest was measured for several delivery sites for EFT. The sites were post offices, community centers, grocery stores, convenience stores, and neighborhood check-cashing centers. For each site, interviewers asked the respondents about the likelihood of their signing up for the program if the Federal payment went directly into an account at each site. Likelihood was measured using the same four-point scale of very likely, somewhat likely, not too likely, and not at all likely.

As shown in Figure 10, interest in the possible delivery sites varies. Interest is strongest in post offices (40 percent somewhat or very likely) and grocery stores (36 percent somewhat or very likely). There is also some interest in neighborhood check-cashing services (30 percent somewhat or very likely) and convenience stores (25 percent somewhat or very likely). There is relatively little interest in receiving EFT at community centers (14 percent somewhat or very likely). Noteworthy is that the data on the likelihood of using the new debit account and card in each location are based only on those individuals who would be likely to consider the program at all. Therefore, if these numbers are adjusted for all unbanked check recipients, interest in any particular site is much lower (16 percent somewhat or very likely in using EBT at post offices) and less for other sites.

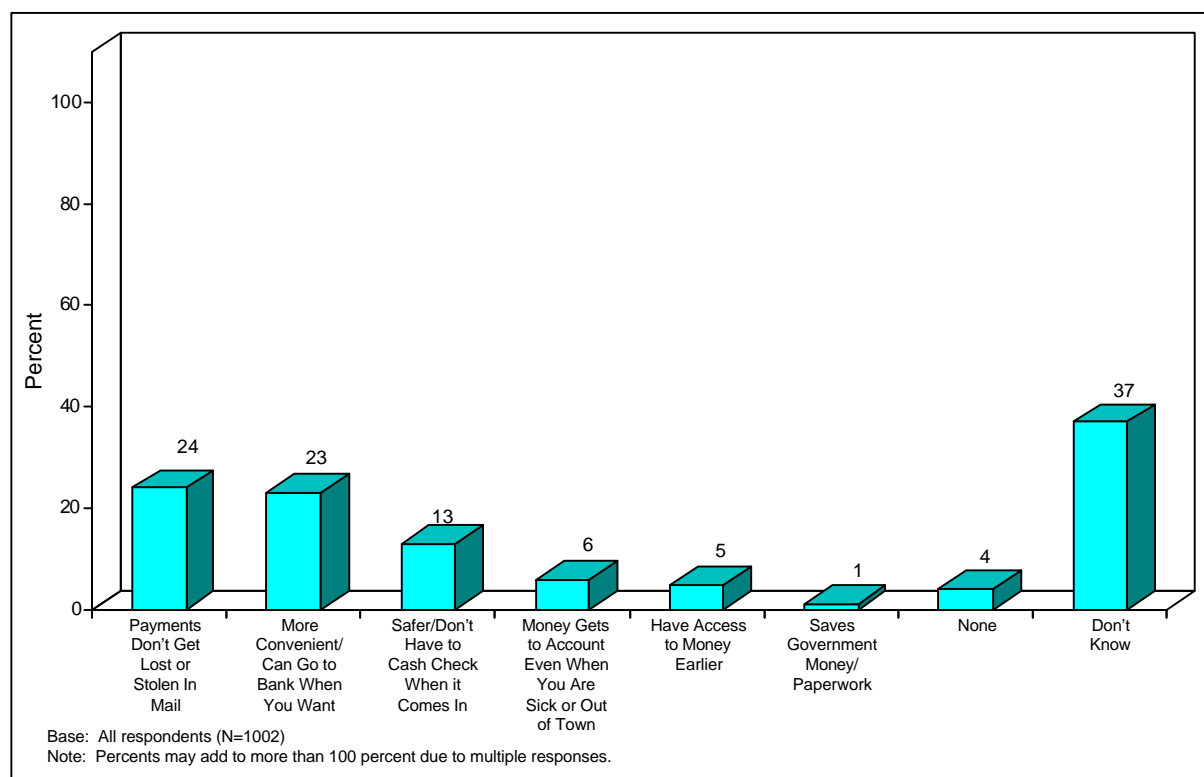
Likelihood to Sign Up for Direct Deposit of Federal Benefit



4.5 Determine Most Effective Messages for Encouraging Direct Deposit Among Current Federal Benefit Check Recipients

As the first step in determining the messages that might be most effective in encouraging Federal benefit check recipients to use direct deposit for their benefit payments, all Federal benefit check recipients were asked, on an unaided basis, what they think are the major advantages of direct deposit of their regular Federal payments. Of interest is that, in general, Federal benefit check recipients can name more advantages (as shown in Figure 11) than disadvantages (as shown in Figure 8) of direct deposit for their Federal payments. This is evident in the smaller percentage of respondents who know of no advantages (37 percent) than know of no disadvantages (57 percent) and the higher rate of mentioning specific advantages.

Figure 11. Perceived Advantages of Direct Deposit for Regular Federal Payments (Unaided)



The primary perceived advantages of direct deposit for a recipient's Federal benefit check are that payments are not lost or stolen in the mail (24 percent) and that direct deposit is more convenient because recipients can go to the bank whenever they want (23 percent). Other advantages named by check recipients are that direct deposit is safer because recipients do not have to cash the checks when they arrive (13 percent), the money is in the account even when recipients are sick or out of town (6 percent), and recipients can have access to their money earlier (5 percent). The only other advantage mentioned by at least 1 percent of respondents is that direct deposit saves the government money and reduces paperwork (1 percent). Four percent indicate that there are no advantages to direct deposit of their Federal benefit checks.

There are few differences across subgroups in the perceived advantages associated with direct deposit. Those without bank accounts are less likely to know about the advantages of direct deposit than those with bank accounts. Check recipients living in a city are more likely than other check recipients to cite the safety of their payments as an advantage of direct deposit. Those under the age of 55 and those with household incomes of \$50,000 or more are most likely to name the convenience of going to the bank whenever they want as an advantage.

To further understand the messages that might be most motivating in persuading current check recipients to have their Federal benefit checks deposited directly, each respondent was read six statements and asked to rate each statement on how persuasive it would be in convincing them to

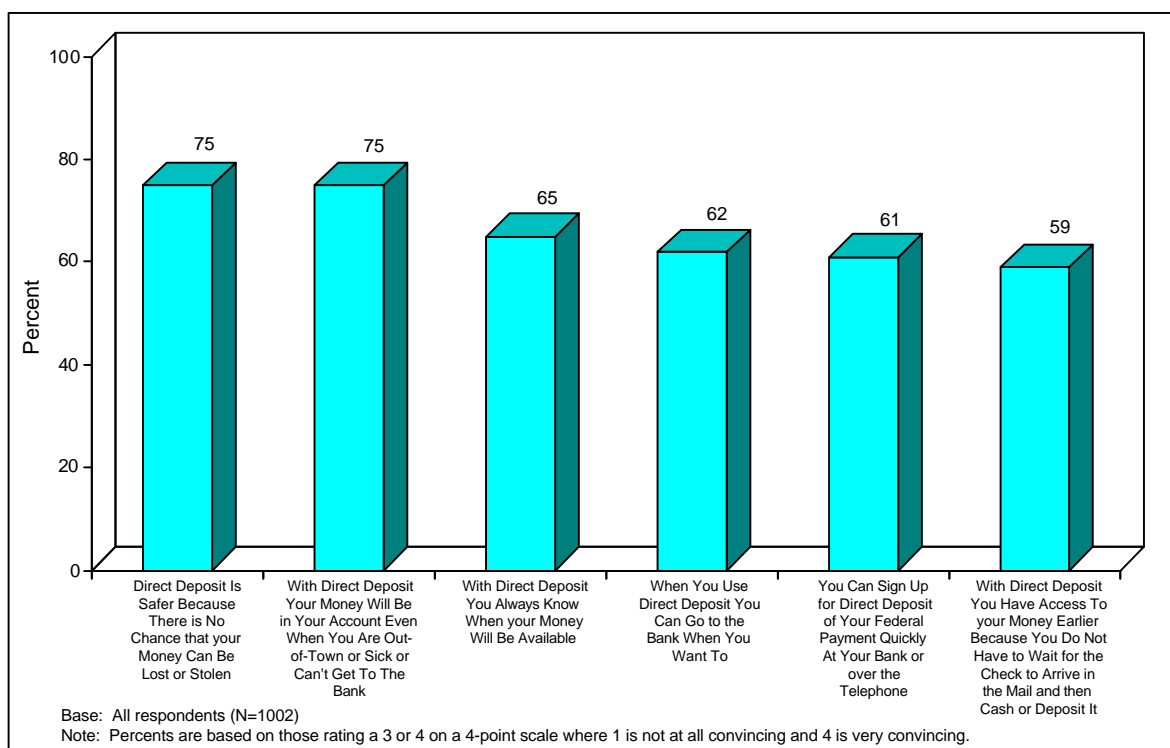
deposit their Federal benefit checks directly. The order of the six statements was varied across respondents to prevent order bias. The six statements are:

- With direct deposit, recipients always know when their money will be available.
- With direct deposit, recipients have access to their money earlier because there is no wait for the check to arrive in the mail and then to cash or deposit it.
- Direct deposit is safer because there is no chance that money can be lost or stolen.
- When direct deposit is used, recipients can go to the bank whenever they want to.
- With direct deposit, the money will be in the account even when recipients are out of town, sick, or cannot get to the bank.
- Recipients can sign up for direct deposit of Federal payments quickly at their bank or over the telephone.

Each statement was rated on a four-point scale consisting of very convincing, somewhat convincing, not too convincing, and not at all convincing.

Figure 12 shows that all of the statements would strongly influence check recipients to have their Federal benefit checks deposited directly. Two statements are most convincing: “Direct deposit is safer because there is no chance the deposit can be lost or stolen” (75 percent find somewhat or very convincing); “With direct deposit, the money will be in the account even when recipients are out of town, sick, or cannot get to the bank” (75 percent find somewhat or very convincing).

Figure 12. Convincing Statements for Persuading Check Recipients to Use Direct Deposit for Their Federal Benefit Payments (Aided)



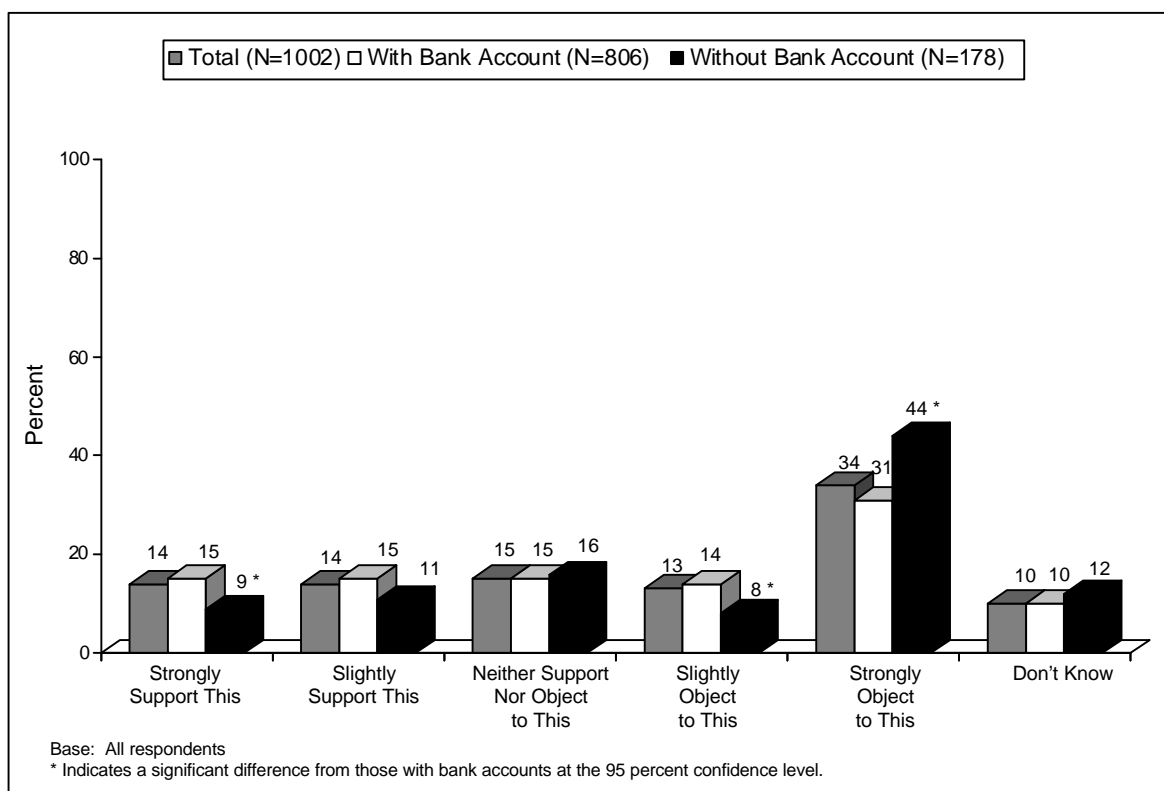
All other statements are somewhat or very convincing to slightly less than two-thirds of Federal benefit check recipients. Of these, always knowing their money will be available is slightly more convincing (65 percent) than being able to go to the bank when they want to (62 percent), being able to sign up for direct deposit quickly at the bank or over the telephone (61 percent), and having access to their money earlier (59 percent).

The likely power of these messages varies by age group but not by other demographic subgroups. Check recipients under the age of 55 find each of these messages most convincing, and significantly more convincing than those 75 years or older. Check recipients between 55 and 74 also are significantly more likely than older recipients to find the messages of knowing when their money will be available and having earlier access to their money convincing.

To understand the effect of the mandatory EFT law on Federal benefit check recipients and attitudes toward direct deposit of their payments, interviewers told all respondents that Congress had passed a law that requires that most Federal payments be electronic. Then, interviewers asked their reactions to this law using a five-point scale consisting of strongly support, slightly support, neither support nor object, slightly object, and strongly object. Overall, more Federal benefit check recipients object to this law (47 percent slightly or strongly object it) than support it (28 percent slightly or strongly support it). See Figure 13. Fifteen percent neither support nor object to this law, and 10 percent do not know how they feel. Negative feelings about this law are illustrated not only by the fact that more object to it than support it, but also by the fact that more than one-third (34 percent) **strongly** object to this law. Thus, without additional materials

for educating check recipients about the benefits of EFT, information about the law is more likely to anger check recipients than to encourage them to sign up for direct deposit.

Figure 13. Attitudes Toward Legislation That Requires Federal Payments To Be Made Electronically (Telephone Survey)

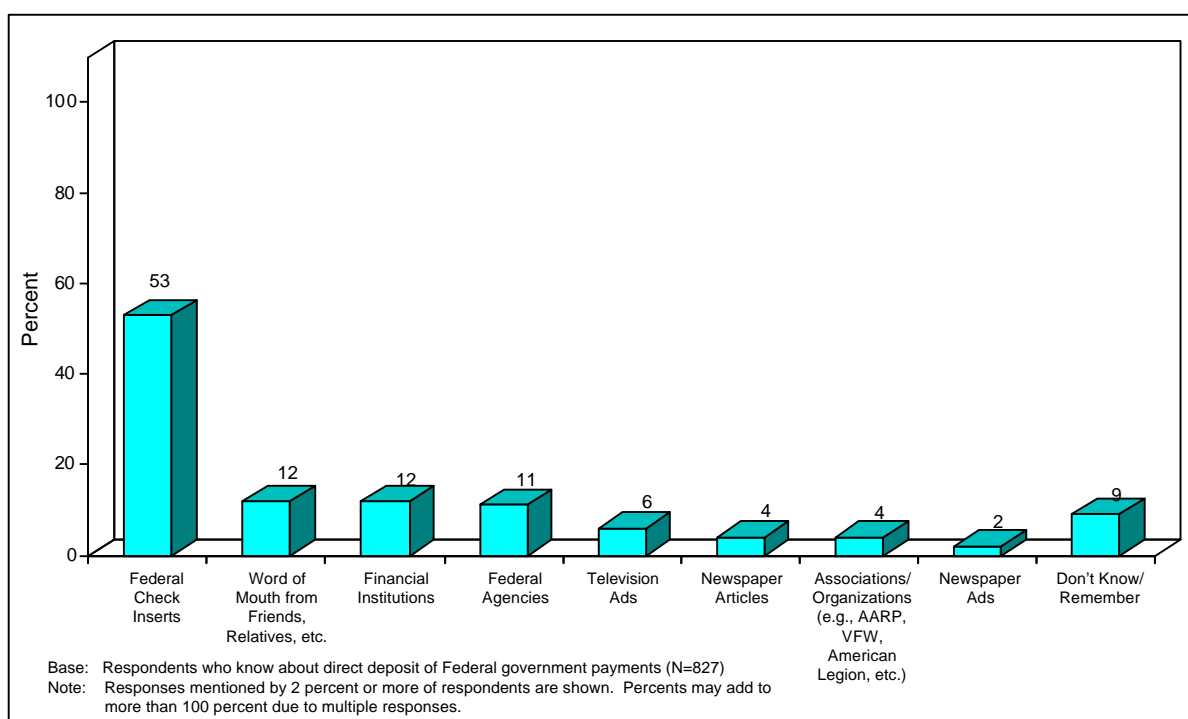


As might be expected, check recipients who do not have bank accounts object to the mandatory EFT law even more (44 percent strongly object) than check recipients who have a banking relationship (31 percent strongly object). Retirement check recipients object to the law more than SSI check recipients (36 percent versus 31 percent strongly object). Otherwise, there are no significant differences in attitudes toward this law across subgroups.

4.6 Determine the Most Effective Vehicles for Communicating the Benefits of Direct Deposit to Federal Benefit Check Recipients

To determine how effective different media have been in communicating direct deposit messages to Federal benefit check recipients, interviewers asked, on an unaided basis, those who indicated that they are aware that their Federal benefit checks could be deposited directly where they heard or saw information about direct deposit. Inserts with the Federal benefit checks are the primary vehicle through which Federal benefit check recipients have learned about opportunities for direct deposit (53 percent named this method). This is shown in Figure 14.

Figure 14. Sources of Information About Direct Deposit of Federal Payments (Unaided)



No other vehicle is named by more than 12 percent, indicating that no other vehicle has been significant in building awareness for government payment by EFT. Among the other vehicles, the most frequently recalled are word of mouth from friends, relatives, and coworkers (12 percent named this method), financial institutions (12 percent), and Federal agencies (11 percent). Much of this information is likely to be from FMS posters and informational brochures on display in Federal buildings and local benefit offices. The only other sources recalled by 2 percent or more are television ads (6 percent); newspaper articles (4 percent); information from associations or organizations, such as AARP, Veterans of Foreign Wars (VFW), and American Legion (4 percent); and newspaper ads (2 percent). The low awareness of these vehicles suggests that public service announcement (PSA) campaigns and public relations efforts to place articles in the press have had only limited success.

There are few differences across subgroups in the sources from which recipients learned about direct deposit of Federal benefit checks. Disability check recipients are more likely than retirement or SSI check recipients to have learned about direct deposit from inserts with their checks and are less likely to have learned about it from television ads. SSI check recipients and check recipients with household incomes of less than \$10,000 per year also are least likely to recall where they heard about direct deposit of Federal benefit checks.

Interviewers asked respondents, on an unaided basis, what are the best ways for the Federal government to inform them about the consequences of the mandatory EFT law. This question was asked to identify what media formats (e.g., television, radio, print) are most effective in

educating and informing benefit check recipients about direct deposit. The research indicates that the effectiveness of the message is directly related to the media format used. The end purpose of asking this question is to determine if there are additional media or communication vehicles that the Federal government should use or use more than in the past.

In fact, Federal benefit check recipients recommend the use of media different from those they recalled to date, as shown in Figure 15. The most frequently recommended vehicle for information about direct deposit of Federal benefit payments is information sent separately from the checks through the mail (36 percent). Information sent with the checks is the second most frequently recommended vehicle (28 percent). Television advertising (14 percent), newspaper articles (7 percent), newspaper advertising (6 percent), and radio advertising (4 percent) are the other media that some Federal benefit check recipients feel would be effective in reaching them. No other vehicles are named by more than 1 percent. More than a quarter (27 percent) are not sure which media would be most effective.

Again, the media suggested to communicate the benefits of directly depositing Federal benefit checks vary little by subgroups. Those under 55 years of age are more likely than older check recipients to suggest mailings separate from the check and inserts with the Federal benefit checks as effective means of reaching them. Those with an income of at least \$25,000 are also more likely to recommend newspaper articles than lower-income respondents. Otherwise, there are no significant differences across subgroups.

Figure 15. Best Ways for Federal Government To Explain Consequences of Mandatory EFT Legislation (Unaided)

